



Early Journal Content on JSTOR, Free to Anyone in the World

This article is one of nearly 500,000 scholarly works digitized and made freely available to everyone in the world by JSTOR.

Known as the Early Journal Content, this set of works include research articles, news, letters, and other writings published in more than 200 of the oldest leading academic journals. The works date from the mid-seventeenth to the early twentieth centuries.

We encourage people to read and share the Early Journal Content openly and to tell others that this resource exists. People may post this content online or redistribute in any way for non-commercial purposes.

Read more about Early Journal Content at <http://about.jstor.org/participate-jstor/individuals/early-journal-content>.

JSTOR is a digital library of academic journals, books, and primary source objects. JSTOR helps people discover, use, and build upon a wide range of content through a powerful research and teaching platform, and preserves this content for future generations. JSTOR is part of ITHAKA, a not-for-profit organization that also includes Ithaka S+R and Portico. For more information about JSTOR, please contact support@jstor.org.

INTERNATIONAL JOURNAL OF ETHICS.

APRIL, 1893.

THE RELATION BETWEEN ETHICS AND ECONOMICS.*

A RECENT writer† has said that "if there is one class more than another which needs preaching to in these days it is the political economists." Without absolutely endorsing this statement, or admitting, as some seem to hold, that political economists have inherited "a double dose of original sin," I think we may safely say that it is of great importance at the present time to have as clear a view as possible of the connection between those classes of questions which we are in the habit of describing as moral and economical respectively. Obviously, before we can profitably consider the relationship between the two, we must understand precisely what is to be meant by each of the two terms in the relationship, regarded by itself. And, unfortunately, this is not so easy as it might at first sight appear. The difficulty arises mainly on the economical side. In spite of the long-standing warfare between different schools of moralists,—a warfare of a far more terrible kind than any that has ever raged among economists,—there is yet, so far as I am aware, no fundamental disagreement with regard to the province of the science. All recog-

* A paper read, in outline, before Section F of the British Association in Edinburgh, August 4, 1892.

† "The New Political Economy," by Henry Rose, p. 12.

nize that ethics is concerned with the value of conduct in respect of its quality of goodness or badness. There is, indeed, a certain difference of opinion as to whether it is the motives or intentions of our conduct that are to be taken into account; and also as to whether conduct is to be regarded as good or bad simply in itself, or with reference to some supreme end to which it is directed. But these questions are comparatively subordinate. Now in political economy also there is, no doubt, a pretty general verbal agreement that the subject-matter is wealth. There is also a certain rough practical agreement with regard to the nature of the topics that are to be discussed. But I cannot find that there is any precise theoretical agreement with regard to the scope of the science, similar to what we have in the case of ethics. What is wealth? To this question different thinkers have given widely different answers; while some have been content, like Mill, to leave it altogether unanswered, saying simply that in a general way every one knows what wealth is. Now, whether or not this is a serious difficulty (and I think it is) to the student of economics as such, it is at least a serious obstacle in the way of any one who wishes to consider the relation of ethics to economics. Let us look at some of the possible views. We may pass over at once the crude conceptions* of some of the earlier writers who identified wealth with the precious metals, or with agricultural produce; or even the later doctrine of the classical school, who made it include all material commodities useful to man.† There is, I believe, a general agreement that the term must be understood in a somewhat wider sense than any of these. Now the first extension that has suggested itself to many minds is that which consists in re-

* How far it is the case that either of the two crude conceptions here referred to was ever seriously entertained by economic writers, is a question that we need not here discuss.

† Some writers seem still to hold this last view. But it seems clear that economics must take account of many facts (*e.g.*, services, credit, etc.) which are not material. Mr. J. B. Clark, who adopts in his "Philosophy of Wealth," the view that all wealth is material, and interprets it strictly, is led to some paradoxical results. His discussion of the subject, however, is certainly highly ingenious and suggestive.

garding wealth as including every object (whether material or not) which is useful and capable of being exchanged. But though this definition covers most of the objects that are commonly dealt with by political economists, yet it has been generally felt that it is a bad definition, inasmuch as it gives only an accident of the thing defined.* For even if individuals and nations did not exchange their goods, we should still be able to discuss their relative wealth. Moreover, there are many elements in a nation's wealth, as the term is commonly understood, which cannot, without a good deal of straining of terms, be said to be exchangeable.† Another definition, which seems to find a good deal of favor at present, is that which identifies wealth with value. This, however, would convert economics into the science rather of well-being than of wealth. Such a conversion is suggested by Ruskin, in his famous saying that "the only wealth is life," and by a celebrated German economist,‡ in his declaration that "the beginning and end of our science is man." But it would evidently be too wide an extension of our subject if we were to identify it with the whole science of man. But to identify wealth with value would have this result. Art and morals and science all possess value, all contribute to the perfection of life. Now economics can scarcely set itself to consider all these kinds of value. The attempt to do so would deprive it of its definiteness, and probably end either in sentimentalism or in barren abstractions. This result might be avoided by narrowing the meaning of value to exchange value; but this again, as I have already indicated, seems to be too narrow a conception. There is another view of the scope of economic science which is suggested, if not

* Cf. Andrews's "Institutes of Economics," p. 3, note 7; and Mill's "Principles of Political Economy," Book III., chap. i., § 1.

† *E.g.*, roads, canals, etc. Again, health is not exchangeable, yet it is often necessary to balance health against other goods; and when it is so balanced (*i.e.*, when it is treated as one of many means to the general end of life), it must be regarded as coming under the same category as the other goods against which we weigh it.

‡ Roscher.

definitely expressed, by several recent writers, especially by those of the mathematical school.* According to this view economics is not regarded as exclusively the science of wealth at all, but rather as the science of measurable motives. A good deal may be said, especially from the point of view of mathematical treatment, for adopting this conception of the scope of the science; but for most purposes it seems to me to be open to the same objection as that which applies to the Catallactic view. The sphere of economic science happens to coincide pretty closely with the sphere of measurable motives, just as it happens to coincide pretty closely with the sphere of exchange; but in both cases this is an accident. Moreover, it is not strictly true. The motives with which the economist deals are, in general, only roughly and approximately measurable; and some motives, other than those usually regarded as economic, are also of this character. And sometimes the economist has to deal with motives which can scarcely even be approximately measured. Also, unless he is to make his science very abstract, he has to deal with a number of questions † which are not directly concerned with human motives at all. All these views, then, of the scope of economic science seem to me to be somewhat inadequate. I now pass to a statement of the view which I am inclined provisionally to adopt.

Many recent writers on economics have made an important alteration in the arrangement of the subject-matter, by placing consumption instead of production at the front. This seems to me a desirable change. Consumption appears to be the fundamental point in economic science; and I think the science might very conveniently be defined with reference to that. It might be defined as the science of consumable goods. Of course this would itself require definition. We might define a consumable good as one that is used as a means of

* See especially Marshall's "Principles of Economics," pp. 71, *sqq.*

† *E.g.*, the law of population, the principle of diminishing returns, etc. Here we are concerned with material facts or with natural tendencies, not with motives.

satisfying human wants. But now it might be thought that this brings us back again to the definition of economics as the science of values. This, however, is not the case, unless we understand the term value in a somewhat narrower sense than that in which I have already employed it. In order to make this plain, I must endeavor to distinguish between two kinds of value; and in doing this what I conceive to be the relation between ethics and economics will at once become apparent.

The distinction to which I wish to refer is substantially that expressed by Kant in his contrast between what has value and what has dignity. "In the kingdom of ends," he says,* "everything has either value or dignity. Whatever has value can be replaced by something else which is *equivalent*; whatever, on the other hand, is above all value, and therefore admits of no equivalent, has a dignity. Whatever has reference to the general inclinations and wants of mankind has a *market value*; whatever, without presupposing a want, corresponds to a certain taste . . . has a *fancy value*; but that which constitutes the condition under which alone anything can be an end in itself, this has not merely a relative worth,—*i.e.*, value,—but an intrinsic worth,—*i.e.*, *dignity*." The point here is that some things are valued for themselves, and other things only as means to something else. Essentially the same point was made by Aristotle when he distinguished,† somewhat quaintly, between what we praise (or value) and what we reverence (or worship,—*i.e.*, attach absolute worth to). We praise or value that which has a relation to some end. We attach absolute worth to that which is an end in itself. This seems to me to be an important distinction; and I should say that economic science is concerned with that which we value in this narrower sense,—*i.e.*, what we value simply as *means* to something else. Economic goods are in this way distinguished from such goods as truth, beauty, and goodness, which are, in a sense, ends in themselves.‡

* "Metaphysic of Morals," § 2.

† "Ethics," I. 12.

‡ This view of economic goods is suggested by Aristotle himself. In his "Politics" (I. viii., 15) he defines wealth as "a quantity of *instruments* [*i.e.*,

To this it may be objected, no doubt, that everything to which we attach worth is relative to some end. Even virtue, it may be said, is a means to the attainment of the supreme good, whatever that may be. Similarly a work of art is a means of æsthetic satisfaction. This is, I think, true; but it does not destroy the distinction between such goods and economic goods. It suggests, however, that it might be better, instead of saying that goods of the former kind are ends in themselves, to say merely that they are inseparable conditions of the end; whereas economic goods are simply means, for which other means might be substituted. An illustration may help to make my meaning clear. Confectionery is valued for its pleasant taste; works of art are valued because they satisfy the æsthetic taste. The former is simply a means. The confectionery is *consumed*, and in being consumed yields the pleasant taste to which it is used simply as means. Anything else that would supply the same taste would serve the purpose equally well. It is not so with the work of art. It is not consumed in order to yield something else. It gives an æsthetic pleasure; but that pleasure is not something left over when the work of art is consumed. On the contrary, the pleasure exists only so long as the work of art is contemplated for its own sake. It may be too much to say that the work of art is an absolute end in itself; but at any rate it is an inseparable condition of the end which it subserves, and not merely a means consumed in order to yield some desirable result independent of itself. Similarly the virtues, such as honesty, benevolence, and the like, may be said to be means to the realization of our highest good. But they are not *mere* means. They are inseparable conditions of the attainment of our highest good. These illustrations may serve to explain my point. To defend it at length would be beyond the scope of the present paper. I must content myself with saying that this view of the scope of economic science is the one that commends itself most to my mind. It

means] for the household or state." Cf. Mr. Ritchie's article on Aristotle in Palgrave's "Dictionary of Political Economy," p. 54.

is the science of goods that are valued as means, not as ends in themselves, or as the indispensable condition of ends in themselves. Economic goods are consequently goods for which an equivalent may be found. They are valued as means, and anything else which serves the same purpose equally well is quite as valuable. Economic goods are thus, as the Germans say, *vertretbar*; or, as it has been proposed to translate it, *fungible*.* We might even define economics in a broad way, as the science of fungible goods. Moral goods are not of this character. Nothing else can be substituted for honesty, for instance, which will fulfil the purpose equally well—though the attempt is sometimes made.

It will be observed that this view of the scope of economic science approximates in reality very closely to the Catallactic theory. Goods that are valued simply as means are, as a rule, not only fungible, but also transferable. Goods that are valued as ends, on the other hand, or as indispensable conditions of some end, are seldom capable of being passed from hand to hand. But this fact of exchangeability seems, as I have said, to be a mere accident of economic goods; whereas the fact of being valued as a means is of the very essence of such goods.

It is scarcely necessary to remark that, if this view of the province of economic science is to be accepted, it does not furnish us with any rigid division of objects into economic and non-economic. The distinction, like so many others, depends rather on the point of view from which objects are regarded than on the nature of the objects themselves. Thus, even moral qualities, such as honesty, may have an economic value. We may regard them, as we regard the reliability of a machine, as enhancing the value of their possessor, regarded as a means for the satisfaction of human wants. So also, artistic products may be regarded from the economic point of view. A man may value works of art as means of ornamentation or of ostentation. Knowledge, too, may be regarded

* This rendering is suggested by Mr. Smart in his translation of Böhm-Bawerk's "Capital and Interest," p. 254, note 1.

as mere means; as when it is said that "knowledge is power." But this does not make it the less true that moral, æsthetic, and philosophic values, as such, are distinct from economic values. And the essential distinction seems to be, that the former kinds of values are regarded as absolute ends, or as indispensable conditions of the realization of certain ends; whereas the latter are regarded as mere means.

We shall accept, then, for the present, this view of the scope of economics. Even if any one is disposed to question its adequacy as a final statement of the nature of the topics to be included in the science, it can at least scarcely be denied that, broadly speaking, it indicates in an approximate way what these topics are; and this will perhaps be sufficient for our present purpose. Now looking at economics in this way, we see at once the importance of considering it in close relation to ethics. For we cannot have a right understanding of the means without an appreciation of the end. Now the various speculative sciences, and also the science of æsthetics, may be said to be concerned with objects that are regarded as ends; and consequently it would be of some importance to consider the relation of these, as well as of ethics, to economic science. But ethics is the most important, because it is concerned with the supreme human end. It deals with the *summum bonum*; and this must in a sense include the æsthetic and the philosophic as well as the purely moral good.* Further, if we are right in saying that economics is concerned with means, while ethics deals with ends, it is evident that there must be a grave danger in studying the former without distinct reference to the latter. It is a well-known psychological fact that an object which is at first valued as a means very easily begins to be regarded as an end in itself. This truth has been frequently illustrated in the study of political economy. Money, for instance, at one time tended to be regarded as an end in itself; and at the present time the increase of material commodities is frequently regarded as such an end. In order to

* *I.e.*, it includes both, in so far as they are regarded as objects of practical pursuit.

avoid any such fallacies, it is important that we should constantly have in view the real end of human endeavor, and recognize clearly that the goods discussed in economic science are merely means to this end.

Having thus indicated the general nature of the bearing of ethics on economics, I wish to bring out a little more in detail the ways in which the study of economics would be affected by the effort to keep the relation between the two sciences constantly in view. In order to bring out the main points at once as briefly and as systematically as possible, I propose to consider them under the following four headings: (1) The Place of Economics in Social Science. (2) The Method of Studying it. (3) The Relative Importance of its different Parts. (4) Its Practical Results. In all these respects I consider that the study of economics is influenced in an important way by ethical considerations.

(1) With regard to the place of economics in social science, what has chiefly to be insisted upon is, that its place should not be too prominent. I am doubtful whether it is desirable to merge economics in sociology. The progress of the sciences requires that they should be kept separate; and I think economics, regarded as the science of relative values, is a sufficiently distinct one. But economics has tended too much to swallow up the other social sciences. The causes of this are, I believe, various. Partly, it is simply a result of the prominence of the industrial side of life in recent times. Partly, it may be due to the prevalence of the Utilitarian philosophy, which has tended to represent all goods as mere means to the production of pleasure, and consequently to reduce all goods to the economic level.* But I think it is very largely due to the fact that economics lends itself more readily than any other aspect of social science to an abstract and mechanical method of treatment. It deals with simpler and more calculable elements; for, as I have already said, it is

* Even Professor Marshall seems to regard all goods in this way. See his "Principles of Economics," especially the note to p. 78. I think Professor Marshall is partly misled by the Utilitarian theory at this point.

approximately true that the sphere of economics coincides with the sphere of measurable motives.* Now there is always a danger in scientific study that whatever is incalculable should be regarded as unimportant. Science abstracts the calculable elements in things and deals almost exclusively with them; and it is apt to forget that in doing this it is making an abstraction. What we have to insist on, then, is that, while it may be desirable to treat the economic aspect of things independently of other aspects, we must yet remember that there are other aspects of social life not less important; and we must, as soon as possible, get back from our abstraction to the concrete whole. Otherwise, we shall certainly fall into the error of treating mere means as if they were an end. I do not think it is at all involved in this, that we ought to discountenance the abstract study of economics. On the contrary, the more abstract the study is made the more likely are we to remember that it is dealing only with an aspect of life. I think it was partly because the early economists treated their subject in too concrete a way that it got to appear as if it were dealing with life as a whole. For this reason I believe there are great advantages in the mathematical and deductive methods. They enable us to remember that we are dealing with abstractions.

(2) This leads to our second point, the method of economic study. There are, broadly speaking, three ways in which we may study economics. We may ask what is and has been, or what tends to be, or what ought to be. The dominant school of English economists,† led by Ricardo, has devoted

* Cf. Marshall's "Principles of Economics," p. 73. Also Mr. Ritchie's paper entitled "What are Economic Laws?" in the *Economic Review* for July, 1892, p. 364.

† The Germans, on the other hand, have devoted more attention to the other two questions. The Historical School is well represented in England by Drs. Cunningham and Ingram. The Ethical School, stimulated by Carlyle and Ruskin, is also growing in importance. Its work is well represented by Mr. C. S. Devas's recent book on "Political Economy." Mr. Devas holds distinctly (pp. I, 542-9, etc.) that Political Economy is a part of what he calls "Particular Ethics," the science which deals "with human actions in particular departments." He entirely repudiates hypothetical discussions. This view appears

its attention chiefly to the second of these questions. And I do not by any means wish to deny that they may have been wise in doing so. The question what is and has been—the question brought into prominence by the Historical School—is a very large and complicated one. In attempting to answer it, we may easily lose ourselves in a forest of unenlightening details.* The ethical question also, what ought to be—the question brought into prominence by such writers as Ruskin—is a very difficult one to answer. Human society, as most of us have now come to recognize, is a slowly-developing organism; and at any given moment we can look only a little way ahead. We can partly see what is and what is tending to be in the immediate future. What we ought to aim at as our ultimate ideal remains to a great extent dark to us. This is, I think, now generally allowed even by the most sanguine of our social reformers. Utopias are discredited, except as suggestions of the direction in which we may hope to move. Consequently, the study of tendencies must, I think, always form a large part of economic science. It cannot be either purely historic or purely prophetic. What we must insist on is merely this,—in the first place, that in studying the tendencies of things we should understand clearly that it is only tendencies that we are studying; and, in the second place, that we should study these tendencies with a constant reference to the question whether they are leading us to good or to evil. Now these conditions have not always been observed. The laws of economics—*i.e.*, the statements of tendencies—have been over and over again confounded with laws of nature and with imperatives of conduct,—*i.e.*, the statement of what tends to be has been confounded with a statement of what must be and what ought to be.† This also was not

to me one-sided; but it brings out a side which has been too much neglected in England.

* Cf. Mr. Ritchie's paper to which I have already referred, p. 369. Of course if the science is studied in the careful manner indicated by such a writer as Le Play, this objection is partly obviated. But even then the subject is almost too large and complicated for any one man to undertake.

† On this whole question I may refer to Keynes's "Scope and Method of Political Economy," p. 38; also to the very valuable article by Mr. D. G. Ritchie in

unnatural. The study of economic science became prominent at a time when the investigators of physical nature had just been achieving great triumphs; and these triumphs had for the most part been achieved by the careful analysis of mechanical tendencies. These tendencies—the laws of nature—are, indeed, capable of being counteracted and changed;* but within certain limits they are so constant and calculable that they may fairly be taken as expressing for us what actually takes place in nature, and as offering us the key to any given situation. It was not surprising that students of social science should have believed that in this department also similar methods would lead to similar achievements. They did not observe that in some important respects the life of a human society differs from the movements of a merely mechanical system. This difference appears chiefly in two respects. On the one hand, as human society is a developing thing, the tendencies by which it is dominated at one time may sink into insignificance in the course of its further progress. This is no doubt to some extent true even of the laws of physical nature; but the changes in the physical world take place, as a rule, in periods of such great length that for most practical purposes they may be neglected altogether. On the other hand, a human society differs from a mechanical system also in another respect,—viz., that changes in the former are, to some extent, influenced by the mere knowledge of the tendencies by which it is determined. Nature will not alter her ways from the consciousness that we are looking on and understanding her; but a human society which understands its own laws is likely to act differently from one which does not understand them. Not only, therefore, are the tendencies of human action altered by the gradual course of development, but the mere knowledge of these tendencies may itself in-

the *Economic Review*, to which I have already referred. See also Venn's "Empirical Logic," p. 561, *sqq.*

* Unless they are accepted in a purely hypothetical sense, as explained by Mr. Ritchie in his article, "What are Economic Laws?" pp. 366-67. But it is generally assumed, in stating natural laws, that the hypothetical conditions are at least approximately realized.

volve an alteration of them.* The mere study of economic science may make economic science untrue.

But if it was thus an error to treat the tendencies of man's social and economic life as if they were laws of nature, it was a still graver error to treat them as if they were moral imperatives or expressions of what ought to be. This error seems to have been originally simply a part of that general error which is involved in the idea of conformity to nature. There was no more favorite notion about the time of the French Revolution, when our modern political economy was in its infancy, than that the ills of social life are due to a departure from the laws of nature, and that they could all be readily cured if we would but consent to let nature have a free course. Now it is evident enough that there is an element of truth in this. *Naturam expellat furca tamen usque recurret.* There is no good in contending against the ultimate tendencies of natural forces. If we elude them on one side, they will come upon us all the more overwhelmingly on another. When we are dealing with such powers, it is best to find out as soon as possible the line of least resistance and let nature have her way. And it is true enough that in the lives of civilized peoples, as distinguished from what the Germans call *Natur-Völker*, there is a constant tendency to depart from this position of equilibrium, to get out of touch with the demands of nature, and so to expose ourselves to an inevitable retribution. But this is only partly true. The progress of humanity involves a continual destruction of old methods of adjustment, but it involves at the same time a continual readjustment on a higher level. We lose, for instance, the adjustments that have been made in the form of instinct, in order that we may gain the higher adjustments of reason. While, then, it is true that we must conform to nature, it must be remembered also that the nature to which we must conform is *human* nature; and that means, in the last resort, the nature of reason. Consequently, it can never be a complete argu-

* Cf. Venn's "Empirical Logic," p. 575, where this point is brought out in a very interesting way.

ment in favor of any line of conduct, that it is in conformity with natural tendencies,—*e.g.*, with the tendencies of self-interest. These tendencies may be evanescent, and may give place to others which are in no degree less natural. A society which is beautifully adjusted to the tendencies of self-interest may be at a much lower level than one that is in conflict with these tendencies, but which is on the way to a higher adjustment on the basis of mutual help. This is, I suppose, sufficiently evident to us now; but it was not so evident to the earlier economists. They saw that there were certain strong tendencies at work in the society around them, and it appeared to them desirable that the whole society should be adjusted to these tendencies, so as to allow them to operate freely. And this is an error from which men are not even yet entirely free. Even now it is common for newspaper writers to speak of the “laws of political economy,” as if they laid down rules for our conduct instead of merely analyzing powerful tendencies, to which it may or may not be desirable that we should allow full scope.

What we have to insist on, then, is that while it is no doubt of the greatest importance to analyze the tendencies that are at work around us, we must carefully distinguish this analysis of tendencies both from the statement of what *must* be and from the statement of what *ought* to be. And, from an ethical point of view, we must insist further that the study of tendencies must be accompanied by the question whether they are tendencies towards good or towards evil; and if they are towards evil, either wholly or partially, there must be some effort to ascertain the remedies. It would, I think, be a gross libel on the political economists of the past to say that this has not in any degree been done by them; but I do not think it is going too far to say that they have generally given far more attention to the analysis of tendencies than to the consideration of the desirability of the results to which they are tending, and that they have very often seemed to think that their work was exhausted by such analysis,—that the question what ought to be was fully answered as soon as they had discovered what tends to be. Fire tends to burn down houses; and when

they are finally demolished there is a state of equilibrium. On the other hand, if we confine the fire in grates and interfere with it by meddlesome hose and buckets, we are not allowing nature to have free course. Nevertheless, we seem to be justified in maintaining that it is not true that fire *must* burn down houses, or that it *ought* to burn them down. The laws of political economy are just like the laws of fire.

(3) The next point on which I wish to touch is the relative importance of different parts of economic science. The chief departments of theoretical economics are generally said to be production, distribution, and consumption, to which are sometimes added exchange (including the theory of value), and the consideration of the sphere of government. Of these main departments it seems to be now admitted that the earlier economists attached relatively too much importance to production. This was largely due, as I have already indicated, to a confusion of means and end. The accumulation of material wealth came to be regarded as an end in itself instead of a mere means to human well-being. This error is, however, now generally recognized, and the problem of distribution receives a fair share of attention. The poverty of individuals is considered as well as the wealth of nations. The action of Professor Marshall, in placing the abolition of poverty, rather than the increase of wealth, as the foremost problem in economics,* seems to me to be in itself, from an ethical point of view, a great step forward.

But if it is important to give the distribution of wealth a prominent place along with production, it is, perhaps, even more important to insist on the prominence of consumption. I have already indicated that this seems to me to be the central point in economic study; and, indeed, this view appears to be gaining ground among recent economists, chiefly, I suppose, through the influence of Jevons.† The neglect of

* "Principles of Economics," pp. 2 and 96.

† Perhaps Jevons, by a natural reaction, emphasized too much the desirability of studying human wants before we go on to study the activities by which these wants are satisfied. For our wants are largely created or modified by our activities; and consequently it would be scarcely possible to study Consumption with-

this subject among the earlier economists is due, I believe, to the same confusion of means with end to which I have already frequently referred. The accumulation of wealth came to be regarded as an end, and it was almost entirely forgotten that wealth is valuable only in order that it may be consumed. The older economists were so much occupied with the refutation of the "spendthrift fallacy" that they seem to have almost forgotten that there is also an ascetic fallacy. The ideal which they seemed to suggest is, that every one should accumulate capital as rapidly as possible and consume as little as possible. I observe that several writers have recently been led to attack the old economic doctrine on this point;* and certainly it seems to be very one-sided. They did little more than show that consumption is not to be regarded as a good in itself. They did not supply any principles for discriminating between that kind of consumption which is good and that which is evil. Of course there have been moralists who have taught that all consumption is of the nature of an inevitable evil, and that the happiness of life is to be attained by, as far as possible, getting rid of our wants and "making our claims a zero." Even Adam Smith seems to have thought that the poor were to a great extent compensated for their lack of comforts by the fewness of their wants. But this is true only in so far as the wants of the rich are artificial and foolish. To suppose that it is, as a general rule, desirable that our wants should be few is to fall into a common fallacy,—the fallacy of supposing, because a posi-

out reference to Production. See Marshall's "Principles of Economics," Vol. I., pp. 147-8. Jevons's exaggeration on this point may be compared with his somewhat one-sided opposition of the doctrine that Values are determined by Utilities to the older theory, that they are determined by Cost of Production. But in both cases Jevons seems to have been fundamentally right.

* See especially Mummery and Hobson's "Physiology of Industry" and Robertson's "Fallacy of Saving." Attention had, however, been previously directed to this aspect of the subject by Malthus, Dr. Chalmers, Mr. R. S. Moffat ("The Economy of Consumption"), and others. Among recent writings on the importance of the study of Consumption, special reference may be made to a pamphlet by Mr. William Smart on "The Effects of Consumption of Wealth on Distribution" (published by the American Academy of Political and Social Science).

tive state is partly evil, that a negative state would be all good. It was this fallacy, I believe, which lent its chief interest to the idea of the "noble savage." It was the same that lay at the root of Wordsworth's praise of childhood, and of the Buddhist conception of *Nirvana*. When any condition of life is empty of evil, we easily imagine it to be full of good. But this is a serious error. On the whole, it seems clear that so far from the absence of wants being a compensation for a condition of poverty, Lassalle was rather right in insisting that the "accursed absence of wants" (*verdamnte Bedürfnisslosigkeit*) is an aggravation of the evil condition of the poor. To have wants is to have hopes, and to have hopes is to be in the way of progress. It is true that some of the most characteristic movements of recent times—those led, for instance, by the great prophetic teachers, Carlyle, Emerson, Ruskin, Thoreau, and Walt Whitman—involve as one essential element a simplification of our modes of life, and an effort to get back to more natural conditions; and I am very far from wishing to throw any doubt on the wisdom of such endeavors. But if these efforts would involve a restriction of our wants in some respects, they would imply an extension of them in others. What is desired is not to suppress wants, but to direct them wisely.

Now even when the importance of consumption is fully recognized, there is a danger that it may be treated from an inadequate point of view. Recent ethics has advanced from Utilitarianism to the theory of development; but economics shows a certain tendency to remain at the older stand-point; partly, I suppose, because the Utilitarian view furnishes a simpler basis for calculation. Now the prevalence of Utilitarianism has, I think, led to an unsatisfactory method of treating the problem of consumption. Utilitarianism regards the feeling of pleasure which accompanies the satisfaction of our wants as a supreme end in itself; and consequently considers the satisfaction of all sorts of wants as equally desirable in so far as they are productive of equal pleasure. Of course, even from the Utilitarian point of view, some satisfactions are more transient than others, some are less universally distrib-

uted, and some tend more than others to bring disagreeable accompaniments and consequences in their train. But so long as this is all that is to be said, it is apt to appear that all this may very well be left to the calculation of each individual for himself; and thus the full importance of the study of consumption does not appear. Each one is on the whole the best judge of his own pleasures; and if each one looks after his own, the pleasures of the aggregate will be fairly well secured. The idea of development has helped us to escape from this point of view. It has enabled us to see that it is not merely the pleasure of the aggregate that is to be aimed at, but the satisfaction of those wants whose gratification helps life forward. From this point of view, the study of consumption becomes of much greater importance. It is, I think, only another way of putting the same thing to say that the idea of development suggests a new way of looking at the theory of values. Nearly all the recent speculations on this subject, interesting and important as they are, are, in my judgment, to some extent vitiated by the fact that they have regard only to subjective and not to objective values.* Of course this is right so long as we are concerned only with exchange values, since these are influenced simply by subjective preferences.† But when we are considering the intrinsic values of goods, their worth with reference to human well-being, it is important to remember that objective value is not necessarily identical with subjective. The two would no doubt be ultimately identical if the Utilitarian philosophy were correct; for then the objective value of goods would mean simply their pleasure-giving power; and this would be decided by the preferences of individuals,—though even then, of course, there would be a distinction between the preferences of individuals at a given time and the ultimate pleasure received. There

* The Austrian writers discuss objective as well as subjective values. But they use the term "objective" in a different sense from that in which it is used above.

† But, of course, even subjective preferences are in the long run affected by the intrinsic nature of the objects desired, and by the results which the attainment of these objects entails. Human obstinacy cannot go on forever "kicking against the pricks."

might be a miscalculation even with regard to pleasure. But if the development theory of ethics is correct, the distinction is still more important; for then objective value has no direct reference to pleasure at all, but to the power of different kinds of objects to promote self-realization.

It is chiefly in connection with this side of economic study that the work of Mr. Ruskin seems to me to have importance. He rightly claims for himself* that he has the advantage over most economists in having a knowledge of art, and thus being able to appreciate one of the supreme ends of life to which economic goods are merely means. The student of ethics might claim a similar advantage. I admit, of course, that the attempt to work out the conception of intrinsic value with any detail would involve us in serious difficulties. But political economy is a serious science, and must not neglect a question merely because it is difficult. If, indeed, any one cares to maintain that the treatment of this question belongs rather to economic philosophy† than to economic science, and that it is desirable to keep these two studies separate, I should not care to dispute this. But the student of economic science must at least remember that his subject is incomplete unless the problem of intrinsic values is dealt with by some one. It is chiefly the entire ignoring of such problems that has brought economic science into disrepute.

In dealing with the problem of consumption from an ethical point of view, it seems clear that there would be two main considerations that would have weight,—(1) the importance of the wants which are satisfied in the act of consumption; (2) the effect of the supply of the means of satisfying these wants upon the life of the producer. With regard to the first of these, it is evident that a complete discussion of it would

* Preface to "Munera Pulveris." Mr. Ruskin's treatment of the subject, however, seems to me to be vitiated by his theory of "intrinsic value." On this subject I have said all that appears to me necessary in my "Introduction to Social Philosophy," p. 303, *note*. See also Smart's "Introduction to the Theory of Value," p. 4.

† Or to what Mr. Keynes calls *the ethics of political economy*, "Scope and Method of Political Economy," p. 36.

require a full answer to the question, What are our higher wants, and what are our lower ones? In a general way we might answer this by saying that our higher wants are those objects that we require for the satisfaction of the permanent self as distinguished from perishable desires; for the satisfaction of the social self, as distinguished from the merely individual self; and for the satisfaction of the rational self, as distinguished from the self that has not yet arrived at the clearness of reason,—in general, those objects that contribute to raise the *quality* of our lives, and not merely to add to the *quantity* of our enjoyments. But any attempt to work this out in greater detail would carry us too far afield. Similarly, with regard to the second point, the effect on the life of the producer, this would involve a discussion of the chief ends to be aimed at. Some of these, such as health, leisure, and the like, would be obvious enough. Others, such as the development of artistic tastes and the like, would require fuller discussion. The important thing, however, in my judgment, is merely to recognize the need of such an investigation. Once the need is fully recognized, the working of it out in detail will very soon follow.

(4) This leads us naturally to our concluding point,—the practical application of economic doctrine. Political economy, as Professor Sidgwick has made clear to us, is an art as well as a science; and it is chiefly in its aspect as an art that it comes in contact with ethics.* The theoretical side of economics must always be largely occupied with the consideration of facts and tendencies. The practical side goes beyond this. Having ascertained the facts of economic life, present and past, and having ascertained the direction in which various tendencies are leading us, we have still to ask, Where do we wish to go? To what extent are we to accept the given facts?

* Cf. Keynes's "Scope and Method of Political Economy," pp. 58-9. It seems to be a mistake, however, to suppose that it is only in its aspect as an art that political economy is affected by ethics. The question as to the relative importance of different parts of the theoretical study depends on ethical considerations. Moreover, in actual study, it is almost impossible to keep the art and the science entirely separate.

To what extent are we to try to change them? To what extent are we to allow ourselves to be borne along by the stream of tendencies that is operating upon us? To what extent are we to try to develop other tendencies that will check or destroy those that are already in operation? It is here chiefly that the full importance of the discussion of consumption and distribution comes out. In considering what we ought to aim at, we must be guided, on the one hand, by our view of the values of different goods, and, on the other hand, by our conception of economic justice. The former may be regarded as partly a theoretical inquiry; and as such we have already referred to it. The latter has direct reference to our practical conduct.

Now the inquiry into the nature of economic justice is, of course, an ethical inquiry. Our view of economic justice will depend on our view of men's ethical relations to one another. It will depend largely on the general view which we take of a human society,—whether we regard it as a mere aggregate of individuals or as an organic whole. Here again an important difference will be observed between the Utilitarian philosophy and the philosophy of development. The Utilitarian philosophy, which was the prevalent creed of the last generation, represented society as simply an aggregate of individuals;* and the supreme good of society was simply the aggregate of their pleasures. The philosophy of development, on the other hand, has familiarized us with the idea that society is to be regarded as an organic whole. This has an important influence on our conception of justice. So long as society is regarded as a mere aggregate, it is difficult to recognize any common good. Either the individual is regarded as an independent unit, possessing private property of his own, over which he has exclusive control; or, if any corporate good is acknowledged, it is merely a collective good. We have either what Professor Foxwell calls a "soulless individualism," or an abstract humanitarianism, in which

* It was one of the many inconsistencies of J. S. Mill that he tried to adopt an organic view of society and yet retain hedonism.

all particular human bonds are overlooked. The unity of the nation, for instance, as List complained, is neglected. So also is the unity of the family, which has been emphasized by Le Play. While such views are dominant, the conceptions of justice which prevail are those that may be roughly described as the individualistic and the socialistic,—the one emphasizing freedom, the other equality. During the early half of this century, the former had a most baleful preponderance, and there seems now to be some danger that there may be a swing to the opposite extreme. The organic view of society seems to me to carry us beyond any such ideals of society. Within an organic system any absolute freedom of the parts is neither possible nor desirable; neither is any absolute equality of the members. The conception of justice which is applicable to such a society is rather that of a reciprocity of services. Every member in such a society must be regarded as at once means and end. To treat any one as mere means would be to treat him as a merely economic good, or mere thing. As a person he must be treated as an absolute end. But since every one is thus to be regarded as end, it follows that no one can be regarded *merely* as end. If any one were the absolute end, all others would be reduced to mere means. Each one must, consequently, be regarded as reciprocally means and end; and it is chiefly by the application of this idea of reciprocity that we must judge of the justice or injustice of social systems. Whenever we find that in any social system certain individuals are treated merely as means or merely as ends, then we may say at once that there is injustice. It has often been found convenient in economic discussions to take up certain terms that are current in a somewhat looser sense in ordinary discourse, and to apply them to a more special purpose; and I believe it may be well to follow this method at the present point. There are two words that are very often used to describe the evils that are specially to be feared under individualistic and socialistic régimes respectively,—viz., the words *exploitation* and *pauperization*. I propose to use these terms to express violations of the principle of reciprocity. We may say that a man is exploited when he is used

as a mere means, and pauperized when he is treated as a mere end. This use of these terms involves, of course, a considerable extension of their ordinary meaning. From this point of view, it is not merely the imperfectly-trained and imperfectly-organized wage-receivers who are in danger of exploitation, but also the over-pressed business-man whom the struggle for existence hinders from self-development, and in general every one who is made to feel, in Emerson's phrase, that "things are in the saddle, and ride mankind." And what we must aim at here is, as Saint-Simon put it, to get rid of the exploitation of men by combining to exploit nature. For nature may be used as a mere means of social advancement, but not man. Similarly, from this point of view, it is not merely the recipients of out-door relief who are in danger of being pauperized, but every one for whom a life of enjoyment and independence is made possible without social service. Of course, I am far from meaning to imply that under any conceivable social system either of these evils could be entirely abolished. There will always, I imagine, be some who have to sacrifice a certain degree of self-development for the sake of the general good, and there will always be some who receive benefits from society out of all proportion to the services which they render. All that we can reasonably aim at is some not intolerable approximation to that reciprocity of services to which I have been referring. How this is to be affected, it is not my present business to consider. I only call attention to the two great economic imperatives—"Thou shalt not exploit" and "Thou shalt not pauperize"—as indicating two of the most important points at which economic science is touched by ethics.

In order to prevent misconception, however, I may add a few words in illustration of the view which I wish to inculcate on this point. I suppose to the majority of us in recent times the way in which the doctrine of the reciprocity of services, to which I have been referring, has been most forcibly brought home, has been by the teachings of Carlyle and Ruskin. These writers have emphasized the evils of a competitive system, in which the mere mechanical *nexus* of cash-payment

prevails,* and have pointed us back for example to those earlier methods of service in which there was a definite recognition of reciprocal obligations. Now perhaps what I mean by reciprocity of services will be made clearer when I say that this view of Carlyle and Ruskin does not seem to me to be entirely correct. I am afraid that under the older system the reciprocity tended to be "all on one side." The hiring of a man's services for life—which Carlyle regarded as the ideal method—inevitably means, even under the most favorable conditions, that the person who is hired sinks into little more than a mere means. He gives himself over, body and soul, to the control of another; and, however generous that other may be, he cannot alter the nature of the relationship, so as to turn it into one of genuine reciprocity. The result of this whole system is to lead, in the case of kings, to a view like that of Louis XIV.,—"The state, I am the state,"—or, in the case of subordinate masters, to a similar view,—"The household, I am the household." The *nexus* of cash-payment is an advance upon this, in so far as it substitutes a definite obligation on each side for an absolute surrender on the one hand and an indefinite *noblesse oblige* on the other. For this reason, while I think it important that moral relations should be in every possible way fostered between those who are brought into industrial connection with one another, I do not think it at all desirable that we should return to a reliance on these. Liberty may require eternal vigilance; but I believe it is worth the price. When I speak of reciprocity of services, then, I do not mean to advise a return to those forms of industrial and social life that are extolled by Carlyle and Ruskin. What I mean is rather this. The cash *nexus* is an advance in so far as it frees men from arbitrary relations and establishes definite obligations; but it is unsatisfactory in so far as it leads us to treat men merely as means and not as the absolute end. When the master is only a pay-master and the servant is only a hireling, *both* are exploited. Neither is treated as a human being, but only as an instrument for the

* See especially Carlyle's "Past and Present," Book III., chap. x.

advantage of another. But the remedy for this, I think, is not to abolish the cash *nexus*, but to establish higher and better *nexuses* along with it. We must recognize—even Carlyle, in his soberer moments recognized—that the *nexus* of absolute masterdom and slavery is no longer possible, and that other small *nexuses* have gone along with it. The *nexuses* of modern times must be of a larger nature,—co-operative societies, religious associations, unions and combinations for mutual help. Such associations must make it their aim to secure that the contract of cash-payment is formed on an equitable basis, and that it is honestly carried out; but in addition to this they must endeavor to secure that the parties to the contract shall be treated as men,—*i.e.*, as ends in themselves,—and not merely as instruments. Economic conditions are made for man, not man for economic conditions; and wherever the conditions of industrial life are found to interfere with the development of men as men, attempts must be made to readjust them. This is the aim, for instance, of such schemes as that of Mr. Herbert Mills, or of General Booth. These men perceive that, under the present social conditions, under the system of the cash *nexus*, there are many who are continually falling out of connection; and they are convinced that those who thus lose their *nexus* do not thereby cease to be human. They still remain ends in themselves, and cannot be cast aside like rusty instruments or machines that have been superseded. I do not wish here to pronounce any judgment on these schemes. They may be wise or foolish: to a large extent I believe this can be decided only by trial. But they are an indication of the perennial conviction in men's minds that "a man's a man for a' that;" and that under no conditions is he to be treated only as means.

This illustration ought, I think, to make clear what I mean by saying that every one is to be treated both as means and as end. I must admit that the application of this principle is not easy. It is not obvious at a glance under what conditions a man is being treated too exclusively as means or as end; nor can it be made at once apparent by the accumulation of statistics or by the application of the integral calculus. But I am not

sure that it is altogether to be regretted that in such matters it should be necessary for us to exercise our reason as well as our understanding, our faculty as human beings as well as our faculty as calculating machines. I admit also that the principle to which I refer is not so clear and obvious as the idea of abstract liberty or abstract equality. It includes these ideas, in as far as either slavery or extreme inequality of conditions reduces some to the condition of mere means to the advancement of others; but when we look at the matter from this point of view, the test of mere liberty or mere equality cannot be immediately applied. We need not, therefore, greatly wonder or greatly complain that the early economists, as well as the early writers on politics and the early socialists, preferred to deal with more abstract principles. It is easier to speak about the greatest happiness of the greatest number or the natural right of freedom; it is easier to say, From every one according to his talents and to every talent according to its works; it is easier to draw curves of demand and supply, and discuss the incidence of taxation than it is to view society as an organic whole, and endeavor to secure that every member of it shall be fairly treated. Abstract thought is easy; concrete thought is hard. But it cannot be doubted that the time has now come to think concretely on these matters. The abstractions of our predecessors have their value: they have made possible a more perfect survey of the whole. But it would be fatal to content ourselves any longer with their partial views. We must endeavor, as far as possible, "to see life steadily and see it whole."

In concluding these rough notes, I must apologize for their inadequacy. But, indeed, however well such a treatment as this might have been done, I suspect it would necessarily leave us with a certain feeling of dissatisfaction. Economic questions have a direct and pressing practical interest; and those who are keenly conscious of the immediate need of economic progress and reform are apt to be a little impatient of any general statements that cannot be directly applied. With this impatience I have a considerable degree of sympathy. I confess, however, that I am optimistic enough to think

that discussions of this sort are not without utility. The social evils under which we suffer are, I believe, due to a very large extent to an inadequate sense of the greatness and comprehensiveness of the social problem. So soon as people generally are aroused to a full consciousness of this, I have a great faith in the capacity of the human intellect to deal with the problem in a satisfactory way. It will require the coöperation of many hands. It will require detailed studies of the bearing of economic questions on all sides of social and industrial life. And these problems will require to be worked out with the same strenuous application, and the same scientific impartiality, as that which has already been devoted to the narrower questions of production and exchange. It seems to me that there are abundant signs that a consciousness of the need of such study has already been awakened,* and that there are many who are both able and willing to devote themselves to it. To the good effects of such study I look forward with the most confident hope. We have never been altogether without our prophets and moral enthusiasts; and certainly we have never been without our men of the world who understood the state of the market. If our prophets will become men of the world, perhaps the men of the world also may become prophets. I have a strong conviction that human nature at bottom leans to virtue's side, when it is rightly approached. Want of clearness with regard to the objects at which we ought ultimately to aim, and with regard to the way in which ethical principles are to be applied in the concrete affairs of life, is largely responsible for the shortcomings of our modern civilization. The immediate claims of men's selfish interests have always a certain clearness and definiteness; and unless there is something equally clear to oppose to them they are sure to be victorious. It has been too much the way of economists to give additional clearness to self-interest, and to leave the larger interests as obscure as

* Evidenced by the popularity of the opinions of Carlyle and Ruskin, by the increasing influence of the Historical School, by the attention to the work of Le Play, by the awakening both of the English and Roman Catholic Churches to the consciousness of social problems, and in many other ways.

before. To remedy this must be the work of those prophetic men of the world to whom I have referred. There seems to me to be abundant evidence that their work has begun. I do not by any means think that their task will be a light one. But it *can* be done, and I believe it *must* be done. So far as I can see, there is nothing of equal importance to be done in the present generation. In the mean time, it is perhaps worth while to remind ourselves from time to time, as I have been endeavoring to do in this paper, of the nature of the problems to which the study of these prophetic men of the world is to be devoted.

J. S. MACKENZIE.

OWENS COLLEGE, MANCHESTER.

SELF-DEVELOPMENT AND SELF-SURRENDER.

It is my purpose in the following pages to discuss self-development as an end of conduct, and self-surrender as a necessary means to the realization of that end. Two questions will, therefore, be raised, and some attempt made to suggest the answers to them. (1) How far and in what sense is self-development a part of the moral end, if, indeed, it be such part at all? (2) How far and in what sense, if any, is self-surrender a factor in the process of development, so that he who would become himself as all that he might be must first be able to deny himself as merely that which he is?

The second question is at once the more interesting, the more important, and the more stimulating, because of the greater obscurity of the paths by which it leads. That growth is to some extent self-abnegation is indeed evident. We need only remember how necessary it is to control one strong emotion or sink temporarily one opinion in order that another, equally though not so emphatically our own, may have a chance of life. Persons who cannot do this continue in their narrow-mindedness, and their development stagnates. Such patent observations as these suggest, though but dimly,